

Message Text

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42

ACTION AF-18

INFO OCT-01 ISO-00 AID-20 IGA-02 EB-11 OMB-01 TRSE-00 SP-03

CIAE-00 DODE-00 INR-11 NSAE-00 PA-04 RSC-01 USIA-15

PRS-01 L-03 DRC-01 /092 W
----- 072364

R 091230Z SEP 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 9255

LIMITED OFFICIAL USE KINSHASA 7656

E.O. 11652: N/A

TAGS: EFIN CG

SUBJ: FINMIN BARUTI'S COMMENTS ON ZAIRE'S LOAN PAYMENTS

REF: STATE 188728

1. DURING EXTENDED DISCUSSION WITH FINMIN BARUTI SEP 7, AMBASS-
ADOR FOUND OPPORTUNITY TO TELL BARUTI THAT FAILURE TO MAKE LOAN
PAYMENTS ON TIME WAS COSTLY TO ZAIRE IN TWO WAYS. FIRST, BECAUSE
OF ADDITIONAL INTERET CHARGES AND, MORE IMPORTANTLY, BECAUSE WORLD
FINANCIAL COMMUNITY GOT WRONG IMPRESSION AND CONSEQUENTLY BANKERS
WERE LIKELY TO HESITATE LONGER BEFORE LENDING TO ZAIRE. BARUTI TOOK
COMMENTS WELL, ACKNOWLEDGING THAT ADMINISTRATIVE ERRORS WERE MADE
HERE FROM TIME TO TIME BUT ALSO ALLEGED THAT
FAULT OFTEN LAY WITH LENDING BANKS. HE SAID THAT WHERE VARIABLE
INTEREST RATES WERE INVOLVED, UNLESS BANK' BILLINGS WERE CORRECT,
GOZ HAD NO WAY CALCULATE INTEREST CHARGES. HE ALSO SAID HE HAD
ARRANGED SYSTEM WITH GOVERNOR OF CENTRAL BANK BY WHICH BANK
COULD AUTOMATICALLY DEBIT TREASURY AND MAKE LOAN PAYMENTS WHEN
DUE. (THIS NOT NEW AND BARUTI IN FACT FOUGHT IT, BUT WE
EXPRESSED GRATITUDE AND WILL ENCOURAGE SAMBWA TO USE "BARUTI'S
SYSTEM.")

2. COMMENT: OVER-ALL BARUTI IS NOT TOO IMPRESSIVE BUT HE HAS SHOWN
POWER OF SURVIVAL IN GOZ. SUGGEST WASHINGTON OFFICIALS PURSUE
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BROAD DEBT CAPACITY QUESTIONS WITH HIM RATHER THAN NAGGING ON

PAYMENT LAPSES IN BILATERAL AID AND EXIM MEETINGS (KINSHASA 7654)

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEBT REPAYMENTS, BANKS, LOANS, INTEREST RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 09 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: kelleyw0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KINSHA07656
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740250-0253
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740964/aaaaccr.tel
Line Count: 63
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 188728
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2002 by boyleja>; APPROVED <03 MAR 2003 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINMIN BARUTI'S COMMENTS ON ZAIRE'S LOAN PAYMENTS
TAGS: EFIN, CG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005